

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 FEA-01 PRS-01 /082 W

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R 041540Z FEB 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 106

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

C O N F I D E N T I A L JIDDA 826

E.O. 11652: GDS

TAGS: ENRG, SA, JO, US

SUBJECT: ADVICE ON OIL FOR JORDAN

REF AMMAN 794

BEGIN SUMMARY: NOT RECOMMENDED WE APPROACH SAUDI GOVERNMENT AT THIS TIME BUT INSTEAD URGE THAT JORDAN SEEK FUNDS FROM ARAB SOURCES FOR ITS PETROLEUM, ASK FOR SAG ASSISTANCE ON PRICING (CITING DEFENSE NEEDS), AND

PERHAPS CONTEMPLATE EVENTUALLY RAISING ITS ENERGY COSTS TO WORLD LEVELS. (SAUDIS WILL CONTRIBUTE TO ARAB FUND FOR OIL PURCHASES AS THEY HAVE IN PAST, AND JORDAN CAN ADD IT TO THE AID PACKAGE DEMANDED SEASONALLY.) END SUMMARY

1. WE HAVE DISCUSSED INFORMALLY WITH GOVERNOR ABDUL HADY TAHER OF PETROMIN SOME OF THE POINTS MADE IN REFERENCED TELEGRAM FROM AMMAN. HE DID NOT RPT NOT
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BELIEVE U.S. APPROACH TO SAG WARRANTED. WHILE HE

IS SYMPATHETIC TO ENTIRE PROBLEM OF SUPPLYING FUEL TO JORDAN, HE POINTS OUT THAT TAPLINE, STILL A COMMERCIAL COMPANY, CANNOT BE EXPECTED TO ABSORB THE COST ASSOCIATED WITH SUPPLYING JORDAN AT WHAT ARE SURELY AMONG THE CHEAPEST OIL PRICES IN THE WORLD TODAY. HE URGES THAT JORDAN LOOK TO ARAB FUNDS TO SUPPORT ITS PETROLEUM IMPORTS AND THAT IT REGULARIZE ITS PURCHASE OF PETROLEUM FROM TAPLINE NOW. THIS IMPLIES A TOUGH DECISION MIGHT HAVE TO BE TAKEN TO RAISE INTERNAL FUEL PRICES OR THAT A SUBSIDY BE GRANTED.

2. IN THAT CONNECTION HE MADE REFERENCE TO SPECIAL \$80 MILLION FUND SET UP IN KUWAIT FOR AIDING OIL PURCHASES BY ARAB GOVERNMENTS. (WE ARE UNAWARE OF THIS FUND THOUGH IT MAY WELL EXIST. COULD KUWAIT COMMENT?)

3. BELIEVE THAT OUR APPROACH TO SAUDIS WOULD NOT BE AS EFFECTIVE AS A DELEGATION FROM JORDAN IF IT COMES TO THAT. SAUDIS HAVE IN PAST NOT BEEN OVERLY RESPONSIVE TO U.S. APPEALS ON BELIEF OF GOJ. THEY REGARD THEIR RELATIONS WITH JORDAN AS CLOSE AND PRE-MARILY BILATERAL; THEIR RESPONSE TO PREVIOUS APPROACHES HAS BEEN TO POINT TO EXTENT OF THEIR FINANCIAL AID, AND SUGGEST USG INCREASE ITS OWN CONTRIBUTION.

4. TAHER IS DEPARTING FROM JIDDA TODAY FOR LONDON AND YAMANI WILL NOT BE PRESENT HERE EITHER. IN ANY CASE, APPROACH TO SAUDIS CAN HARDLY BE EXPECTED TO BE EFFECTIVE WITHOUT SUPPORT OF SAUDI OFFICIALS MOST CONCERNED. IT MAY BE NECESSARY FOR GOJ TO PLEAD A DEFENSE CASE TO SECURE ANY EARLY SAUDI MOVEMENT BILATERALLY. THIS MAY BE MOST EFFECTIVE APPROACH WITH SAG.
AKINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PROCUREMENT, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JIDDA00826
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750041-0231
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750275/aaaacphp.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 AMMAN 794
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUN 2003 by ShawDG>; APPROVED <10 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ADVICE ON OIL FOR JORDAN
TAGS: ENRG, SA, JO, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006